DBA Telecommunication (Asia) Holdings Limited
DBA 電訊(亞洲)控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3335)

Interim Report 2012

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Longrui
(Chairman and Chief Executive Officer)
Mr. Zheng Feng
Mr. Chan Wai Chuen
Mr. Yu Longhui
Mr. Yeung Shing

Independent Non-executive Directors

Mr. Zheng Qingchang
Mr. Yu Lun
Mr. Yun Lok Ming

AUTHORIZED REPRESENTATIVES

Mr. Yeung Shing
Mr. Chan Wai Chuen

AUDIT COMMITTEE

Mr. Zheng Qingchang *(Chairman)*
Mr. Yu Lun
Mr. Yun Lok Ming

REMUNERATION COMMITTEE

Mr. Zheng Qingchang *(Chairman)*
Mr. Yu Lun
Mr. Yun Lok Ming

COMPANY SECRETARY

Mr. Chan Wai Chuen

AUDITOR

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
34/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

REGISTERED OFFICE

P.O. Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Great Eagle Centre
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STOCK CODE

3335

COMPANY WEBSITE

www.dba-asia.com

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(As to Hong Kong law)
Fred Kan & Co.

(As to Cayman Islands Law)
Maples and Calder

(As to the PRC law)
Chen & Co.

PRINCIPAL BANKERS

Agricultural Bank of China Limited
China CITIC Bank Corporation Limited
China Everbright Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited

The board of directors (the "Board") of DBA Telecommunication (Asia) Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2012, together with the comparative figures of the corresponding period in 2011.

These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee and the Company's external auditor in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	2012	2011	
	RMB'000	*RMB'000*	**Change**
	(Unaudited)	(Unaudited)	**%**
Turnover	**3,669,331**	2,460,351	**+49.1**
Information technology business	**537,139**	454,900	**+18.1**
Intelligent self-service business	**3,115,950**	1,990,444	**+56.5**
Agency business	**16,242**	15,007	**+8.2**
Gross profit	**399,808**	295,337	**+35.4**
EBIT	**299,447**	216,919	**+38.0**
Profit attributable to shareholders	**236,063**	172,479	**+36.9**
Basic earnings per share *(RMB cents)*	**22.68**	16.62	**+36.5**

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF
DBA TELECOMMUNICATION (ASIA) HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial statements set out on pages 8 to 32, which comprise the condensed consolidated statement of financial position of DBA Telecommunication (Asia) Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2012 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2012 is not prepared, in all material respects, in accordance with HKAS 34.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 16 August 2012

Betty P.C. Tse
Practising Certificate Number P03024

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Turnover	5	**3,669,331**	2,460,351
Cost of sales		**(3,269,523)**	(2,165,014)
Gross profit		**399,808**	295,337
Other revenue and other net income	5	**4,053**	7,218
Selling and distribution expenses		**(84,405)**	(67,344)
General and administrative expenses		**(20,009)**	(18,292)
Profit from operations		**299,447**	216,919
Finance costs	6	**(6,509)**	(8,030)
Profit before taxation	6	**292,938**	208,889
Income tax	7	**(56,875)**	(36,410)
Profit for the period		**236,063**	172,479
Attributable to:			
Owners of the Company		**236,063**	172,479
		RMB cents	*RMB cents*
Earnings per share	9		
– basic		**22.68**	16.62
– diluted		**22.22**	16.55

The notes on pages 14 to 32 form part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**236,063**	172,479
Other comprehensive loss for the period		
Exchange differences on translation of:		
– financial statements of operations outside Mainland China, net of nil tax	**(71)**	(281)
Total comprehensive income for the period	**235,992**	172,198
Attributable to:		
Owners of the Company	**235,992**	172,198

The notes on pages 14 to 32 form part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2012 RMB'000 (Unaudited)**	31 December 2011 RMB'000 (Audited)
Non-current assets			
Prepaid lease payments		**9,411**	9,526
Property, plant and equipment	10	**583,104**	554,226
Intangible assets		**4,399**	4,677
		596,914	568,429
Current assets			
Inventories		**607,049**	451,224
Trade receivables	11	**590,112**	567,311
Prepayments, deposits and other receivables	12	**306,102**	365,055
Cash and cash equivalents	13	**676,403**	599,160
		2,179,666	1,982,750
Current liabilities			
Trade and bills payables	14	**568,598**	490,644
Accruals and other payables	15	**45,912**	48,352
Bank loans	16	**80,950**	106,450
Tax payable	21	**29,410**	27,085
Dividends payable	8	**21,086**	–
Bonds payables	17	**–**	45,727
		(745,956)	718,258
Net current assets		**1,433,710**	1,264,492
Total assets less current liabilities		**2,030,624**	1,832,921
Non-current liabilities			
Bank loans	16	**–**	(17,500)
NET ASSETS		**2,030,624**	1,815,421
CAPITAL AND RESERVES			
Share capital	20	**108,198**	108,198
Share premium and reserves		**1,922,426**	1,707,223
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,030,624**	1,815,421

The notes on pages 14 to 32 form part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to owners of the Company									
	Share capital *RMB'000*	Share premium *RMB'000* *(Note a)*	Merger reserve *RMB'000* *(Note b)*	General reserve *RMB'000* *(Note c)*	Exchange reserve *RMB'000* *(Note d)*	Special reserve *RMB'000* *(Note e)*	Share option reserve *RMB'000* *(Note f)*	Retained profits *RMB'000*	Sub-total *RMB'000*	Total *RMB'000*
Changes in equity for the six months ended 30 June 2012										
At 1 January 2012 (audited)	**108,198**	**220,169**	**(57,000)**	**328,320**	**(40,944)**	**79,201**	**9,952**	**1,167,525**	**1,707,223**	**1,815,421**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**236,063**	**236,063**	**236,063**
Exchange differences on translation of financial statements of operations soutside Mainland China	**–**	**–**	**–**	**–**	**(71)**	**–**	**–**	**–**	**(71)**	**(71)**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**–**	**(71)**	**–**	**–**	**236,063**	**235,992**	**235,992**
Transfer to reserve	**–**	**–**	**–**	**24,001**	**–**	**–**	**–**	**(24,001)**	**–**	**–**
Dividend approved in respect of the previous year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(21,086)**	**(21,086)**	**(21,086)**
Recognition of equity-settled share-based payment	**–**	**–**	**–**	**–**	**–**	**–**	**297**	**–**	**297**	**297**
At 30 June 2012 (unaudited)	**108,198**	**220,169**	**(57,000)**	**352,321**	**(41,015)**	**79,201**	**10,249**	**1,358,501**	**1,922,426**	**2,030,624**
Changes in equity for the six months ended 30 June 2011										
At 1 January 2011 (audited)	107,900	215,491	(57,000)	268,347	(41,490)	79,201	8,861	862,517	1,335,927	1,443,827
Profit for the period	–	–	–	–	–	–	–	172,479	172,479	172,479
Exchange differences on translation of financial statements of operations outside Mainland China	–	–	–	–	(281)	–	–	–	(281)	(281)
Total comprehensive (loss)/income for the period	–	–	–	–	(281)	–	–	172,479	172,198	172,198
Transfer to reserve	–	–	–	25,600	–	–	–	(25,600)	–	
Exercise of share options	298	3,986	–	–	–	–	(532)	–	3,454	3,752
Lapse of share options	–	–	–	–	–	–	(1,303)	1,303	–	–
Recognition of equity-settled share-based payment	–	–	–	–	–	–	128	–	128	128
Dividends approved in respect of the previous year	–	–	–	–	–	–	–	(17,596)	(17,596)	(17,596)
At 30 June 2011 (unaudited)	108,198	219,477	(57,000)	293,947	(41,771)	79,201	7,154	993,103	1,494,111	1,602,309

The notes on pages 14 to 32 form part of these interim financial statements.

Notes:

(a) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Merger reserve

Merger reserve represents the excess of purchase consideration paid in respect of the acquisition of Fujian Create State Industry Co., Ltd. over the amount of the paid-up capital of Fujian Create State Industry Co., Ltd. acquired.

(c) General reserve

General reserve comprises statutory surplus fund and enterprise expansion fund which are non-distributable. Appropriations to such reserves are made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries while the amount and allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses of the PRC subsidiaries, if any, and can be applied in conversion into capital by means of capitalisation issues. The enterprise expansion fund is used for expanding the capital base of the subsidiaries in Mainland China by means of capitalisation issue.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Mainland China.

(e) Special reserve

The special reserve represents the differences between the nominal values and premium of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for their acquisition at the time of reorganisation.

(f) Share option reserve

The share option reserve comprises the portion of the fair value of unexercised share option granted that has been recognized in accordance with the accounting policy adopted for share-based payments.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June **2012** ***RMB'000*** **(Unaudited)**	 2011 *RMB'000* (Unaudited)
Cash generated from operation		**276,464**	105,375
PRC enterprise income tax paid		**(54,550)**	(35,513)
Net cash generated from operating activities		**221,914**	69,862
Net cash used in investing activities		**(96,231)**	(3,060)
Net cash used in financing activities		**(94,929)**	(45,942)
Net increase in cash and cash equivalents		**30,754**	20,860
Cash and cash equivalents at 1 January		**388,560**	475,773
Effect of foreign exchange rates changes		**(71)**	(281)
Cash and cash equivalents at 30 June	*13*	**419,243**	496,352

The notes on pages 14 to 32 form part of these interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

DBA Telecommunication (Asia) Holdings Limited (the "Company") was incorporated as an exempted company and registered in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands and Unit 2307, 23rd Floor, Great Eagle Center, 23 Harbour Road, Wanchai, Hong Kong respectively.

The functional currency of the Company and its subsidiaries (together the "Group") in the People's Republic of China (the "PRC") are Hong Kong dollars ("HK$") and Renminbi ("RMB") respectively. For the purposes of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency for easy reference for international investors.

The subsidiaries of the Company are principally engaged in:

(a) Information technology business: the design, manufacture and sales of telecommunication equipment and related products.

(b) Intelligent self-services business: engaging in payment service for public utilities including but not limited to prepaid phone cards, water, electricity and gas through sales of prepaid cards, recharging and other services requiring self-service payments utilizing intelligent self-service equipments such as smart card vending machines, recharging machines and payment machines; display of advertisements on intelligent self-service terminals; and provision of electronic payment and settlement services.

(c) Agency business: trading of telecommunication products.

2. Basis of preparation and accounting policies

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, "Interim financial report", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group from the 2011 annual financial statements.

The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the HKICPA.

3. Applications of new and revised Hong Kong Financial Reporting Standards

The HKICPA has issued a number of new or revised HKFRSs, which term collectively included individual HKFRSs, HKASs and Interpretations, that are first effective or available for early adoption for the current accounting period of the Group. There have been no significant changes to the accounting policies applied in these condensed interim financial statements for the periods presented as a result of these developments.

The Group has not early applied any new or revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2015.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2014.

The Group is in the process of making an assessment of what the impact of other standards, amendments and interpretations is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

4. Segment reporting

Operating segments are identified on the basis of internal reports which provide information about components of the Group. These information are reported to and reviewed by the chief operating decision marker ("CODM") for the purpose of resource allocation and performance assessment. The identities of CODM are board of directors. The CODM considers the business from business activities perspective. The Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Information technology business: the design, manufacture and sales of telecommunication equipment and related products.

– Intelligent self-service business: engaging in payment service for public utilities including but not limited to prepaid phone cards, water, electricity and gas through sales of prepaid cards, recharging and other services requiring self-service payments, utilizing intelligent self-service equipment such as smart card vending machines, recharging machines and payment machines; display of advertisement on intelligent self-service terminals; and provision of electronic payment and settlement services.

– Agency business: trading of telecommunication products.

Currently the above Group's activities are carried out in Mainland China.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets other than corporate assets. Segment liabilities include all liabilities managed directly by the segments other than corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales, assistance provided by intelligent self-service business segment to the agency business segment, including sharing of assets and selling and distribution cost, are not measured.

The revenue from external parties reported to the Group's CODM is measured in a manner consistent with that in the consolidated income statement.

The measure used for reporting segment profit is "adjusted EBITDA", that is, "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, CODM is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, income tax expenses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments and the reconciliation of the corresponding consolidated totals in the financial statements are shown below.

(a) For the period ended 30 June 2012 (Unaudited)

	Information technology business *RMB'000*	Intelligent self-service business *RMB'000*	Agency business *RMB'000*	Inter-segment elimination *RMB'000*	Consolidated *RMB'000*
Revenue from external customers	537,139	3,115,950	16,242	–	3,669,331
Inter-segment revenue	53,654	–	–	(53,654)	–
Reportable segment revenue	590,793	3,115,950	16,242	(53,654)	3,669,331
Reportable segment profit (adjusted EBITDA)	157,856	174,256	3,733	(10,313)	325,532
Interest income from bank deposits					3,745
Corporate expenses					(4,909)
Finance costs					(6,509)
Depreciation and amortisation					(24,921)
Profit before taxation					292,938
Interest income from bank deposits	760	2,985	–	–	3,745
Finance costs	1,380	5,129	–	–	6,509
Depreciation and amortisation	2,985	21,936	–	–	24,921
Income tax expenses	19,391	37,018	466	–	56,875
At 30 June 2012 (Unaudited)					
Reportable segment assets	1,620,039	1,268,472	–	(113,211)	2,775,300
Corporate assets					1,280
Total assets					2,776,580
Reportable segment liabilities	306,613	388,028	–	–	694,641
Corporate liabilities					51,315
Total liabilities					745,956
Additions to non-current segment assets during the period	385	53,029	–	–	53,414

(b) *For the period ended 30 June 2011 (Unaudited)*

	Information technology business *RMB'000*	Intelligent self-service business *RMB'000*	Agency business *RMB'000*	Inter-segment elimination *RMB'000*	Consolidated *RMB'000*
Revenue from external customers	454,900	1,990,444	15,007	–	2,460,351
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	454,900	1,990,444	15,007	–	2,460,351
Reportable segment profit (adjusted EBITDA)	119,149	119,865	3,449	–	242,463
Interest income from bank deposits					1,485
Corporate expenses					(5,594)
Finance costs					(8,030)
Depreciation and amortisation					(21,435)
Profit before taxation					208,889
Interest income from bank deposits	888	597	–	–	1,485
Finance costs	–	8,030	–	–	8,030
Depreciation and amortisation	2,775	18,660	–	–	21,435
Income tax expenses	14,012	22,019	379	–	36,410
At 31 December 2011 (Audited)					
Reportable segment assets	1,479,255	1,180,152	–	(109,402)	2,550,005
Corporate assets					1,174
Total assets					2,551,179
Reportable segment liabilities	231,690	475,897	–	–	707,587
Corporate liabilities					28,171
Total liabilities					735,758
Additions to non-current segment assets during the period	8,593	58,330	–	–	66,923

5. Turnover and other revenue

Turnover represents the invoiced value of goods sold after deducting goods returned, trade discounts and sale tax.

	Six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Turnover		
Information technology business: the design, manufacture and sales of telecommunication equipment and related products	**537,139**	454,900
Intelligent self-services business:		
– engaging in payment service for public utilities including but not limited to prepaid phone cards, water, electricity and gas through sales of prepaid cards, recharging and other services requiring self-service payments, utilizing intelligent self-service equipment such as smart card vending machines, recharging machines and payment machines; display of advertisements on intelligent self-service terminals;	**3,115,489**	1,989,905
– provision of electronic payment and settlement services	**461**	539
Agency business: trading of telecommunication products	**16,242**	15,007
	3,669,331	2,460,351
Other revenue and other net income		
Interest income on financial assets not at fair value through profit or loss – bank interest income	**3,745**	1,485
Gain on repurchase of bonds payable	**307**	1,948
Reversal for staff welfare payable	**–**	3,784
Sundry income	**1**	1
	4,053	7,218
	3,673,384	2,467,569

6. Profit before taxation

Profit before taxation is arrived at after charging the following:

		Six months ended 30 June	
		2012	2011
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
(a)	**Finance costs**		
	Interest on bank advances wholly repayable within five years	**4,554**	4,128
	Default interest on bonds payable	**434**	3,902
	Other finance charge	**1,521**	–
	Total interest expense on financial liabilities not at fair value through profit or loss	**6,509**	8,030
(b)	**Other items**		
	Amortisation of prepaid lease payments	**115**	115
	Amortisation of intangible assets	**278**	278
	Operating lease charges in respect of properties	**1,470**	1,083
	Auditor's remuneration	**465**	313
	Staff costs (including directors' emoluments)	**41,242**	37,307
	Research and design costs	**8,106**	6,201
	Depreciation	**24,536**	21,042
	Less: Amount included in research and design costs	**(21)**	(67)
		24,515	20,975

7. Income tax in the consolidated income statement

Income tax in the consolidated income statement represents:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax for the period	**56,875**	36,410

Notes:

(a) The Group had five PRC subsidiaries.

A subsidiary, Fujian Create State Industry Co., Ltd., a wholly-foreign-owned enterprise, was subject to PRC enterprise income tax at a rate of 25% (six months ended 30 June 2011: 24%) on the assessable profits for the six months ended 30 June 2012. No provision for PRC enterprise income tax has been made as the company has no assessable profits for the six months ended 30 June 2012.

A subsidiary, Skyban Telecommunication (Fujian) Limited, a wholly-foreign-owned enterprise, was subject to PRC enterprise income tax at a rate of 25% (six months ended 30 June 2011: 24%) on the assessable profits for the six months ended 30 June 2012. It is exempted from PRC enterprise income tax for two years starting from the first year of profitable operations after offsetting prior year losses, followed by a 50% reduction for the next three years. It was under 50% reduction period for the six months ended 30 June 2012.

In accordance with the Law of the PRC on Enterprise Income Tax (the "New Law") by order No. 63 of the President of the PRC issued on 16 March 2007 and Implementation Regulation of the New Law by the State Council of the PRC issued on 6 December 2007, the Enterprise Income Tax rate of Fujian Create State Industry Co., Ltd. and Skyban Telecommunication (Fujian) Limited in the PRC increased from 18% to 25% progressively from 1 January 2008 onwards.

A subsidiary, Wozhong Intelligent System Service (China) Co., Ltd., a wholly-foreign-owned enterprise, was subject to PRC enterprise income tax at a rate of 25% (six months ended 30 June 2011: 25%) on its assessable profits for the six months ended 30 June 2012.

A subsidiary, Wozhong Advertising (Fuzhou) Co., Ltd., a PRC domestic-invested company, was subject to PRC enterprise income tax at a rate of 25% (six months ended 30 June 2011: 25%) on its assessable profits for the six months ended 30 June 2012.

A subsidiary, Wozhong e-Payment Technology Service (Fujian) Co., Ltd. a PRC domestic-invested company, was subject to PRC enterprise income tax at a rate of 25% (six months ended 30 June 2011: 25%) on its assessable profits for the six months ended 30 June 2012.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(b) No provision for Hong Kong profits tax has been made as the Group did not earn any income subject to Hong Kong profits tax during the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

(c) The Group had no significant unprovided deferred tax assets or liabilities for the period and at 30 June 2012 (six months ended 30 June 2011: nil).

8. Dividends

(a) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

(b) Dividends payable to owners of the Company attributable to the previous financial year approved during the interim period:

	At 30 June 2012 ***RMB'000*** **(Unaudited)**	At 30 June 2011 *RMB'000* (Unaudited)
Final dividend in respect of the previous financial year approved during the interim period: HK2.50 cents (2011: HK2.00 cents) per ordinary share	**21,086**	17,596

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB236,063,000 (six months ended 30 June 2011: RMB172,479,000) and the weighted average number of 1,040,900,000 shares (2011: 1,038,007,000 shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of approximately RMB236,063,000 (six months ended 30 June 2011: RMB172,479,000) and the weighted average number of ordinary shares of approximately 1,062,372,000 shares (2011: 1,041,872,000 shares).

Weighted average number of ordinary shares (diluted)

	At 30 June 2012 *'000* (Unaudited)	At 30 June 2011 *'000* (Unaudited)
Weighted average number of ordinary shares at 1 January	**1,040,900**	1,040,900
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**21,472**	972
Weighted average number of ordinary shares (diluted) at 30 June	**1,062,372**	1,041,872

10. Property, plant and equipment

During the six months ended 30 June 2012, the Group acquired property, plant and equipment having a total costs of RMB53,414,000 (six months ended 30 June 2011: RMB4,545,000).

11. Trade receivables

Sales of the Group's intelligent self-service business, excluding the electronic payment and settlement services of the Group, are transacted on a cash basis. For the information technology business, agency business and electronic payment and settlement services, the Group normally grants credit terms of 180 days to its customers after evaluating the business relationship with and creditworthiness of the customers.

The ageing analysis of trade receivables presented based on invoice date as at the end of the reporting period is as follows:

	At 30 June 2012 *RMB'000* **(Unaudited)**	At 31 December 2011 *RMB'000* (Audited)
0 to 30 days	**109,599**	113,639
31 to 60 days	**110,493**	112,650
61 to 90 days	**107,654**	75,559
91 to 180 days	**262,366**	265,463
	590,112	567,311

12. Prepayments, deposits and other receivables

	At 30 June 2012 *RMB'000* (Unaudited)	At 31 December 2011 *RMB'000* (Audited)
Advances to staff	**571**	487
Deposits	**710**	489
Deposits to supplies *(note)*	**296,961**	360,320
Prepaid expenses	**2,014**	3,530
Prepaid lease payments	**229**	229
VAT recoverable	**5,617**	–
	306,102	365,055

Note: The amount represents deposit paid to suppliers for the purchase of inventories.

13. Cash and cash equivalents

	At 30 June 2012 *RMB'000* (Unaudited)	At 31 December 2011 *RMB'000* (Audited)
Fixed deposits	**500**	500
Cash at bank and on hand	**675,903**	598,660
Cash and cash equivalents in the consolidated statement of financial position	**676,403**	599,160
Less: pledged deposits	**(257,160)**	(210,600)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**419,243**	388,560

14. Trade and bills payables

	At 30 June 2012 RMB'000 (Unaudited)	At 31 December 2011 RMB'000 (Audited)
Trade payables *(note (a))*	**20,898**	70,644
Bills payables *(note (b))*	**547,700**	420,000
Total	**568,598**	490,644

Notes:

(a) The ageing analysis of trade payables presented based on invoice date as at the end of the reporting period is as follows:

	At 30 June 2012 RMB'000 (Unaudited)	At 31 December 2011 RMB'000 (Audited)
0 to 30 days	**20,898**	70,644

(b) The ageing analysis of bills payables presented based on invoice date as at the end of the reporting period is as follows:

	At 30 June 2012 RMB'000 (Unaudited)	At 31 December 2011 RMB'000 (Audited)
0 to 30 days	**57,700**	–
31 to 60 days	**–**	–
61 to 90 days	**–**	–
91 to 180 days	**490,000**	420,000
	547,700	420,000

(i) At 30 June 2012, the bills payables were guaranteed by Mr. Yu Longrui ("Mr. Yu", note 18), Mr. Yu Longhui (note 18), a subsidiary, Wozhong China (note 7(a)), Fujian Dongya (note 18), Dufule (note 18), independent third party and Fujian Deban (note 18) for an aggregate amount of not exceeding RMB525,000,000 (31 December 2011: RMB 410,000,000), RMB15,000,000 (31 December 2011: nil), RMB15,000,000 (31 December 2011: nil), RMB282,000,000 (31 December 2011: RMB190,000,000), RMB190,000,000 (31 December 2011: RMB190,000,000), RMB190,000,000 (31 December 2011: RMB190,000,000) and RMB20,000,000 (31 December 2011: nil) respectively. Certain guarantees provided by Mr. Yu and Fujian Dongya were also used to support the bank loans mentioned in note 16(b).

(ii) Certain bills payables were further secured by prepaid land lease payment and building of Fujian Deban (note 18) and Hong Ming (note 18) for an amount not exceeding RMB11,000,000 (31 December 2011: RMB11,000,000) and RMB30,700,000 (31 December 2011: RMB30,700,000) respectively. Certain bills payable was further secured by pledging certain assets of an independent third party.

(iii) All of the above bills payables were secured by certain of the Group's assets as set out in note 19.

(c) All bills are aged within 180 days at the end of the reporting period.

15. Accruals and other payables

	At 30 June 2012	At 31 December 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Staff salaries payable	**2,528**	2,086
Staff welfare payable	**21,907**	25,690
Accrued expenses	**16,685**	15,432
Other non–income tax	**4,792**	5,144
	45,912	48,352

16. Bank loans

At 30 June 2012, bank borrowings were carried at amortised cost and repayable as follows:

	At 30 June 2012 ***RMB'000*** **(Unaudited)**	At 31 December 2011 *RMB'000* (Audited)
Bank loans		
– secured	**50,450**	80,450
– unsecured	**30,500**	43,500
	80,950	123,950
Representing:		
Within 1 year	**80,950**	106,450
After 1 years but within 2 years	**–**	17,500
	80,950	123,950

(a) The ranges of effective interests rates (which are equal to contracted interest rates) on the Group's bank borrowings are as follows:

	At 30 June 2012 (Unaudited)	At 31 December 2011 (Audited)
Effective interest rate		
Fixed rate borrowings	**6.56%**	6.56%
Variable rate borrowings	**6.98% - 9.64%**	6.14% - 9.51%

(b) At 30 June 2012, certain bank loans were guaranteed by Mr. Yu (note 18), Fujian Dongya (note 18) and an independent third party for aggregate amount of not exceeding RMB150,000,000 (31 December 2011: RMB150,000,000), RMB70,000,000 (31 December 2011: RMB70,000,000) and RMB10,000,000 (31 December 2011: RMB10,000,000) respectively. Certain guarantees provided by Mr. Yu and Fujian Dongya were also used to support the bills payable mentioned in note 14(b).

(c) The Group's assets used to secure the secured bank loans are set out in note 19.

(d) At 31 December 2011, the loan of RMB30,000,000 was further secured by assets held by Fujian Deban (note 18) for an amount not exceeding RMB70,000,000. That loan has been fully repaid in June 2012.

17. Bonds payable/convertible bonds

During the six months ended 30 June 2012, the Company has made payments for the total amount of RMB45,420,000 for the repurchase of the bonds at a discount which resulted in a gain on repurchase of bonds payable of RMB307,000. At 30 June 2012 all the bonds have been fully settled and there were no outstanding principal or interest payable on the bonds following their cancellation.

The outstanding bonds repayable to bondholders:

	At 30 June 2012 *RMB'000* **(Unaudited)**	At 31 December 2011 *RMB'000* (Audited)
Balance at 1 January	**45,727**	156,107
Repurchase/Repayment	**(45,420)**	(109,975)
Gain on repurchase of bonds with discount	**(307)**	(405)
Balance at 30 June 2012/31 December 2011	**–**	45,727

18. Material related party transaction

The directors consider that the following are related parties of the Group:

Name of party	Relationship with the Group
Mr. Yu Longrui ("Mr. Yu")	Director of the Company
Mr. Yu Longhui	Director of the Company
Fujian Deban Group Co., Limited (福建締邦集團有限公司) ("Fujian Deban")	Mr. Yu Longrui is a director of Fujian Deban
Deban International (Hong Kong) Limited (締邦國際(香港)有限公司) ("Deban International")	Mr. Yu Longrui is a director of Deban International
Fujian Dongya New Material Technology Co., Ltd. # (福建東亞新材料科技有限公司) ("Fujian Dongya")	A subsidiary of Deban International (Hong Kong) Limited (締邦國際(香港)有限公司)
Fujian Hong Ming Plastic Co., Limited # (福建省宏明塑膠股份有限公司) ("Hong Ming")	A director of the Company's subsidiary who is also a director of Hong Ming
Dufule Industry (Fujian) Co., Limited # (杜甫樂實業(福州)有限公司) ("Dufule")	Mr. Yu Longrui has controlling interest

# Denotes the English translation of the name of a Mainland China company and is provided for identification purposes only.

The details of guarantees and pledge assets provided by the above related parties are set out in note 14(b) and note 16 respectively.

19. Pledge of assets

The following assets were pledged to banks as securities to obtain certain banking facilities including bills payables and bank loans at the end of the reporting period:

	The Group	
	At 30 June 2012	At 31 December 2011
	RMB'000	*RMB'000*
Bank deposit	**257,160**	210,600
Prepaid lease payments	**9,344**	9,455
Buildings	**129,909**	129,853
	396,413	349,908

20. Share capital

	Number of shares	Amount
	'000	*HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 31 December 2011, 1 January 2012 and 30 June 2012	4,000,000	400,000
Issued and fully paid:		
At 31 December 2011, 1 January 2012 and 30 June 2012	1,040,900	104,900

	RMB'000
Equivalent to	108,198

21. Income tax in the condensed consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents

	The Group	
	2012	2011
	RMB'000	*RMB'000*
At 1 January	**27,085**	19,093
PRC enterprise income tax for the year	**56,875**	85,807
PRC enterprise income tax paid	**(54,550)**	(77,815)
At 30 June 2012/31 December 2011	**29,410**	27,085

(b) Deferred tax assets not recognized

As at 30 June 2012, the Group has unused tax loss of approximately RMB4,700,000 (31 December 2011: RMB3,000,000) of which RMB319,000 (31 December 2011: RMB219,000) will expire in 5 years under the current legislation. The remaining tax losses can be carried forward indefinitely. No deferred tax was recognized in the consolidated statement of financial position during the year (31 December 2011: nil) since it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

(c) Deferred tax liabilities not recognized

At 30 June 2012, there were deferred tax liabilities relating to the retained profits of subsidiaries amounting to RMB1,228,919,000 (31 December 2011: RMB982,077,000). Deferred tax liabilities of RMB61,456,000 (31 December 2011: RMB49,104,000) have not been recognized in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

22. Capital commitments

Capital commitments outstanding but not provided for in these interim financial statements:

	At 30 June 2012	At 31 December 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted for the acquisition of property, plant and equipment	**–**	13,185

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2012, the Group recorded a turnover of approximately RMB3,669 million, representing an increase of 49.1% against the same period last year. Gross profit amounted to approximately RMB400 million, representing an increase of 35.4% against the same period last year. Profit attributable to shareholders amounted to approximately RMB236 million, representing an increase of 36.9% against the same period last year. Basic earnings per share were RMB22.68 cents, representing an increase of 36.5% against the same period last year. Turnover from information technology business for the six months ended 30 June 2012 amounted to approximately RMB537 million, representing an increase of 18.1% as compared with the same period last year. Intelligent self-service business grew significantly for the six months ended 30 June 2012 with turnover of approximately RMB3,116 million, representing an increase of 56.5% as compared with the same period last year.

INFORMATION TECHNOLOGY BUSINESS

The Group's information technology business engages mainly in electronic intelligent equipment and related system solutions, including the research and development, manufacturing and sales of products series such as urban information equipment, FTTH (Fiber To The Home) products and components.

The Group's electronic intelligent equipment and system solutions are composed of intelligent self-service account opening and selling of phone cards, recharge and payment equipment, intelligent EDC system, intelligent IC card water meter and gas meter, and other intelligent equipment and solutions. These products are widely used by operators in the fields of telecommunication, transportation, water supply, gas supply, electricity supply, hospitals, and schools. For the six months ended 30 June 2012, the revenue from sales of the Group's electronic intelligent equipment and corresponding solutions amounted to approximately RMB303 million, representing an increase of 22.8% as compared with the same period last year.

In March 2012, the Group entered into a strategic cooperation agreement with a company wholly-owned by the State Grid Corporation of China (國家電網, "SGCC") with its business mainly engaging in the informationization and infrastructure intelligentization of power supply systems. According to the agreement, the two parties would cooperate in SGCC's project of "24-hour electricity self-service payment products" in terms of marketing, technology, manufacturing, operation and service providing etc.. In the opinion of the Board, the success in the cooperation is of great significance for the sustainable expansion of the Group's electronic intelligent equipment business.

The Group's electronic intelligent equipment has formed its own advantage of product mix and a complete chain of products and solutions. For example, products such as intelligent payment equipment for prepaid water, gas and electronic control units etc., these products comprise two aspects: front-end user devices and back-end user devices. Front-end devices are for users to monitor and manage expenses; while intelligent self-service account opening and selling of phone cards, recharge and payment devices are back-end devices for users to make enquiries, payment and recharge settlement, which have formed a complete product chain and created conditions to provide users with overall solutions.

With the development of China's economy, services of convenient and fast nature have become the expectation of both the government and the public, thanks to the rising labor cost, the escalating rent for public utilities and service providers, and the rapid pace of people's work and life. As a result, in order to save the rental cost, the intelligent self-service mode will gradually replace the traditional extensive mode with numerous business halls. Moreover, the prevailing fact nowadays suggests that the future trend is for intelligent self-service equipment rather than manual services. By utilizing the intelligent equipment, gain on retained capital and payment arrears will no longer be an issue for public utility service providers for water, electricity and gas. According to the CCID report, the market value for intelligent devices in China reaches over RMB200 billion.

The Group provides information technology equipment, i.e., urban information equipment, includes public telephone booth with advertisementdisplay and WIFI base station, ATM booth, and other urban electronic information booth. As one of the first-of-its-kind manufacturers in China, the Group accumulates over ten years of operating experience with approximately 100 patents of outlook design and an economies-of-scale competitive edge. The Group also serves as a role model in China for its key installation projects, such as, venues of Beijing 2008 Olympic Games, Chang'an Avenue in Beijing ect. As of 30 June 2012, the revenue from sales of the Group's urban information equipment amounted to approximately RMB76 million, representing an increase of 6.4% as compared with the same period last year.

The development of personal communication service in China has led to a decreased demand for public telephones. Nevertheless, according to the ITU's Universal Service Principles, the infrastructure for public telephones remains in service for as long as it takes. Set up by telecommunication carriers and standing along the road sides of urban and rural areas, public telephone infrastructure, like public telephone booths, if modified, can be a huge resource to function as advertisement display and WIFI base stations, which will surely boost value-added revenue drastically.

Report from CCID shows that there are about 25 million public telephones and 5 million public telephone booths as of 31 December 2011. If common public telephone booths were turned into public telephone booths with advertisement display, there would be a market of RMB20 billion. In general, the replacement cycle of public telephone booths as outdoor telecommunication equipment is approximately 5 to 7 years. Meanwhile, the urbanization and City Beautiful Movement in China will add tens of thousands of public telephone booths each year and stimulate investment in urban advertisement equipment.

The Group's FTTH products and components comprise of optic communication transmission connection products, various optical fiber distributing devices, optical fibre distributing boxes, pigtails and jumpers. As of 30 June 2012, the revenue from sales of the Group's FTTH related products and components amounted to approximately RMB158 million, representing an increase of 15.6% as compared with the same period last year.

Since early 1990s, China's telecommunication carriers have been setting up optical fiber networks nationwide. As of late 1990s, the trunk optical fiber transmission networks and local area optical fiber networks have taken shape in China. Although China has realized fiber to the community and rural area, fiber to the home and office remain less in shape. Thus, "the last mile connection" has become an important goal for China to be fully equipped with optical fiber information highway. The tri-networks integration of telecommunications, cable TV and the Internet in China is about to create another strong surge of market demand, which will be in favor of the Company to experience exponential growth in the related market. The CCID report shows, the market value for FTTH products is going to exceed RMB300 billion, whereas the market value for fiber optic products stands at RMB50 billion or so.

In the first half of 2012, the Group reinforced and extended the scope and depth of marketing. By virtue of our marketing strategy, we have seen remarkable results in marketing with expanded market penetration of our premier products, increased market influence of new products and increased efforts for product introduction and market development, organization of a series of marketing activities for new products and participation in international exhibitions for smart electronics products, etc.. Following the principle of improvement, accumulation and innovation, we have improved the commercialization of scientific research resources through increased application of achieved research technology to products. As at 30 June 2012, the Group have completed over 30 R&D projects.

With the advantage of integrated production, sales, research and development and through the employment of advanced production equipment, the Group has effectively enhanced the production efficiency and reduced the adverse effects of increasing labor costs on manufacturing industry. We have also committed to reducing procurement and manufacturing costs to maintain our advantage in product's price-to-performance ratio.

INTELLIGENT SELF-SERVICE BUSINESS

The Group continued to pursue the development strategies of the intelligent self-service business, China's first high-tech service, established by the Board. For the six months ended 30 June 2012, the Group has over 13,000 intelligent self-service terminals and recorded a turnover of approximately RMB 3,116 million from intelligent self-service business, representing an increase of 56.5% as compared with the same period last year.

In the scope of community service, following the establishment of a number of branches in Fujian Province, Beijing, Chongqing, Hubei Province, Shandong Province, Jiangsu Province and Sichuan Province, the Group set up Shanghai branch, Tianjin branch and Anhui branch in 2011 and made preparation for the establishment of a new branch in Hangzhou, Zhejiang Province. The Group deployed over 9,900 community financial e-service platforms as well as over 3,000 electronic payment service terminals (E-POS).

On 1 March 2011, the Group obtained approval from the Ministry of Commerce of the People's Republic of China to expand its business scope from sales of prepaid cards to recharging and self-service payment services. Taking such opportunity, the Group upgraded the original smart card vending machines, making it capable of self-service for account opening, selling of phone cards, recharging, e-payment, making enquiries and displaying online advertisement, by using payment method of cash, bank cards and mobile payment. Now it is an unique and advanced community financial e-service platform with multiple purposes and fully-owned IPR. In the first half of 2012, the Group had successfully provided electronic payment service in some trial communities, enabling self-service payment service for credit card, water fee, gas fee and electricity fee etc., achieving a new breakthrough in the expansion of customer and service scopes.

With respect to the development of E-POS business under the intelligent self-service business, the Group has entered into the strategic partnership on E-POS services with China CITIC Bank, Fuzhou Branch and China UMS (中國銀商) in the first half of 2011 following the establishment of partnership of "Wozhong – China UMS – Industrial Bank Fuzhou Branch". In the first half of 2012, the Group and China CITIC Bank, Fuzhou Branch had been co-operated on the commercial POS and E-POS projects. Leveraging on the potential vast resources of "Wozhong Community Financial e-Service platform" as an advertising medium, the Group continuously promoted the advertising and marketing of its own service brand "Wozhong e-Service", so as to facilitate the sustainable leap development of "Wozhong e-Service" business.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group had total assets of approximately RMB2,777 million comprising non-current assets of approximately RMB597 million and current assets of approximately RMB2,180 million.

With respect to the bond payables, on 24 February 2012, the Company has completed repurchase of all outstanding Bonds using the Group's internal resources. Subsequently, the Company has completed the cancellation of all the outstanding Bonds. There is no outstanding principal or interest payable on the Bonds following the cancellation of Bonds.

The Group's cash and cash equivalents amounted to approximately RMB676 million as at 30 June 2012. They were mostly denominated in RMB and Hong Kong dollars.

CAPITAL COMMITMENTS

As at 30 June 2012, the Group's capital commitments in relation to prepaid lease payments and acquisition of properties, plant and equipment amounted to nil.

OUTLOOK

With its 15 years of experience and development in marketing, technology and manufacturing, the Group's information technology business and intelligent self-service business have strong complementary strengths and enjoy collective advantages. The Group will continue to pursue the strategy of combined development to achieve win-win results. With the deepening of informationization and modernization in the PRC, it is anticipated that the scale and efficiency of the Group's overall business operations will achieve sustained growth.

INFORMATION TECHNOLOGY BUSINESS

The Group's established product structure of information technology business and market effect as well as our advancing development strategy will guarantee steady development and sustainable growth of our information technology business and results.

INTELLIGENT SELF-SERVICE BUSINESS

Adhering to its development strategy of "Wozhong e-Service", the Group will continue to introduce new services through its established and ever-expanding intelligent chain service "Wozhong Community Financial e-Service Platform", so as to extend its coverage of services to bring about new revenue stream and higher investment return.

The Group will persist in its existing unique business model. By alliance with such banks and institutes that may bring complementary strength to our business, the operating scale and efficiency of our E-POS service business is expected to grow further.

In addition, the Group will continue to improve and enhance its corporate governance standards. Focus will be put on the growth of human resources to meet the operational and management needs for its business and organization expansion. The Group will also continue to make ongoing improvement to various aspects such as brand building, marketing, research and development, service loading and cost control, to persistently enhance its overall competitiveness.

DIRECTORS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2012, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

		Interests in shares as at 30 June 2012					
Name of Directors	Capacity	Personal interests	Corporate interests	Total	Interests in underlying shares pursuant to share option as at 30 June 2012	Aggregate interests as at 30 June 2012	Percentage of issued share capital of the Company as at 30 June 2012
Yu Longrui	Beneficial owner	30,792,000	500,680,000 *(Note)*	531,472,000	Nil	531,472,000	51.06%
Yu Longhui	Beneficial owner	–	500,680,000 *(Note)*	500,680,000	Nil	500,680,000	48.10%

Note: These 500,680,000 ordinary shares are held by Daba International Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 77.6%, 6.86%, 5.49%, 4.57%, 2.74% and 2.74% by Mr. Yu Longrui, Mr. Yu Longhui, Ms. Yang Yahua, Mr. Yu Qiang, Mr. Yang Minyong and Mr. Mo Kaifei respectively.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any director of the Company, as at 30 June 2012, other than the interests of the directors of the Company as disclosed above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholders	Number of ordinary shares held as at 30 June 2012	Percentage of the Company's issued share capital as at 30 June 2012
Daba International Investments Limited	500,680,000 *(Note)*	48.10%
Chartered Asset Management Pte Ltd	125,376,000	12.04%
CAM-GTF Limited	83,716,000	8.04%
Sanlam Universal Funds plc	62,396,418	5.99%

Note: Daba International Investments Limited is beneficially owned by Mr. Yu Longrui, Mr. Yu Longhui, Ms.Yang Yahua, Mr. Yu Qiang, Mr. Yang Minyong and Mr. Mo Kafei as to 77.6%, 6.86%, 5.49%, 4.57%, 2.74% and 2.74% respectively. Mr. Yu Longrui is the spouse of Ms. Yang Yahua, brother of Mr. Yu Longhui and Mr. Yu Qiang, brother-in-law of Mr. Yang Minyong and uncle of Mr. Mo Kaifei.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the Listing Rules.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 30 June 2012, were entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

SHARE OPTIONS

On 14 April 2006, the Company adopted a share option scheme (the "Scheme") for the purposed of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any consultants, advisers, managers or officers of the Group, and the Company's shareholders. The Scheme will remain in force for 10 years from the date of its adoption.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

As at the date of this report, altogether 21,472,000 share options (representing approximately 2.06% of the existing issued share capital of the Company at the date of this report) have been granted or committed to be granted pursuant to the Scheme.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group had approximately 834 employees for its principal activities. Recognizing the importance of retaining high caliber and competent staff, the Group provides competitive remuneration packages to employees with reference to prevailing market practices and individuals performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme adopted by the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Group continues to achieve high standards of corporate governance which it believes is crucial to the development of its business and to safeguarding the interests of the Company's shareholders.

The Company has also taken effective measures to ensure that it is in compliance with the code provisions and as far as reasonably possible the recommended best practices of the Code on Corporate Governance Practices (the "Code") which came into effect on 1 April 2012. In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the accounting period ended 30 June 2012, with derivations from the Code provision A.2.1 of the Code in respect of the separate roles of the Chairman and Chief Executive Officer.

Code A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Yu Longrui is currently the Chairman and Chief Executive Officer of the Company.

After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairman of the Board alone. Further, there is a clear division of responsibilities between the management of the Board and the day-to-day management of the business of the Company, which relies on the support of the senior management. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same position provides the Group with stronger and more consistent leadership and allows for more effective planning.

As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group. The Board has full confidence in Mr. Yu Longrui and believes that the current arrangement is beneficial to the business prospect of the Group.

In compliance with the code provisions of the Corporate Governance Code, the Company has an Audit Committee and a Remuneration Committee set up under the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, the Company confirmed that in respect of the six months ended 30 June 2012, all Directors had complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Corporate Governance Code and Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors, namely Mr. Zheng Qingchang, Mr. Yu Lun and Mr. Yun Lok Ming. Mr. Zheng Qingchang is the chairman of the committee. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

REMUNERATION COMMITTEE

The Company has a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. The Remuneration Committee has three members, all independent non-executive Directors, namely Mr. Zheng Qingchang, Mr. Yu Lun and Mr. Yun Lok Ming. Mr. Zheng Qingchang is the chairman of the committee.

NOMINATION COMMITTEE

The Company has a nomination committee (the "Nomination Committee") with written terms of reference in compliance with Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the board of Directors on appointment of Directors and management of the succession of the board of Directors. The Nomination Committee has three members, all independent non-executive Directors, namely Mr. Zheng Qingchang, Mr. Yu Lun and Mr. Yun Lok Ming. Mr. Zheng Qingchang is the chairman of the committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
YU Longrui
Chairman and Chief Executive Officer

Hong Kong, 16 August 2012